

~~SECRET~~

3

6 November 1963

25X1

BRIEFING NOTES - Cuba

I. From Castro's point of view, events since shortly after his return from the USSR last June have been unfavorable to his interests, and a growing sense of frustration is probably weighing on him.

A. Prospects for significant economic improvement, at least over the next few years, were becoming dim even before the hurricane struck in early October.

Conditions poor

B. Living conditions remain drab for the majority of the people, and Western observers have sensed a growing feeling of ennui among the population.

Tightening restrictions

C. Additional disruptions to the economy and to the public morale are likely to result from the 4 October "second agrarian reform," which confiscates remaining privately owned farms larger than 167 acres.

D. The Castro regime has responded with increasingly tight controls over the workers and over the population generally.

1. Some of these ~~measures~~ measures were taken on the pretext that of necessary measures to overcome the ravages of the hurricane, but the intention is evidently to maintain them in force after this excuse passes.
2. There have been serious problems in the regime's attempts to maintain and increase labor productivity, as the workers ~~have lost incentives~~ have lost incentives and become apathetic.
3. The attempts to standardize wages and establish work norms--along with penalties for failures to attain the norms--are running into difficulty.
4. Last month the construction workers in Havana staged a near revolt, calling their leaders "filthy Communists" and shouting down labor boss Lazaro Pena, after more stringent controls, including attempts to move them from job to job, were imposed.

4. Last month more stringent controls were imposed, including attempts to move laborers from job to job without consulting them. As a result, construction workers in Havana staged a near revolt, calling their union leaders "filthy Communists," and shouting down labor boss Lazaro Pena when he tried to call them to order with a standard regime pep-talk.

II. The economy will take a long time recovering from Hurricane Flora, the worst ever to hit Cuba.

FLORA

- A. Agriculture was hardest hit, but there was also major damage to transportation and communications.
 1. The official total of identified dead, almost all in Oriente Province, has passed ~~11~~ 1,100 and may run several hundred higher.
 2. There were heavy losses of homes and personal property in both Oriente and Camaguey provinces.
- B. The regime had been hoping that economic improvement would follow this year's harvest. Flora has demolished these hopes, and by its effect on sugar cane, has also dimmed prospects for 1965.
 1. The 1964 sugar harvest will probably be down 10 to 15 percent.
 2. Foreign exchange earnings will not exceed the \$450-500 million of 1963 unless there is a substantial rise in sugar prices.
- C. Cuban need for more help will aggravate the existing

strains in Cuban-Soviet relations. We believe the USSR will not give Castro all the help he wants, but the Soviets will provide aid at about the existing level, and cope with emergency requirements.

1. It will be interesting to see whether Castro's ~~plight~~ economic plight, as magnified by the hurricane damage, now will make him more responsive to Soviet policy guidance in such matters as the Sino-Soviet dispute and ~~thex~~ accession to the atomic test ban treaty.

D. Castro may be able to exploit the hurricane for a few more weeks as a means of rallying extra effort from the Cubans, but this will wear off long before the effects of the hurricane have been overcome. On balance, grumbling and disaffection are bound to increase, but we are not yet ready to predict that economic troubles are going to push dissidence to level a ~~point~~ threatening Castro's control of Cuba.

*Mounting discontent
Not revolt*

~~SECRET~~

III.

Open resistance against the Castro regime is still scattered and relatively ineffective.

- Peasants
not a +*
- A. There has, however, been an apparent increase in incidents of industrial sabotage in various towns and cities, particularly in western Cuba.
 - B. Small and scattered bands of guerrillas continue to operate, particularly in the hills of central Cuba, but their effectiveness is limited by their isolation and by the fact that they are always kept on the run by Castro's anti-insurgent forces. If any group of Cubans has benefited from the Castro regime, it has been the peasants, ~~and~~ *Thus* the guerrillas are forced to operate in hostile territory.
 - C. The recent increase in exile raids against Cuban targets has given a boost to the morale of the opposition and added to Castro's own frustrations.
 - D. Incidents of passive resistance, such as work slowdowns and absenteeism, appear to be increasing.

#

~~III. Castro evidently feels the need for some dramatic new victory to restore the momentum of his revolution and there are indications that what he has in mind is an attempt to initiate a revolutionary offensive elsewhere in Latin America.~~

- ~~A. This seems evident from the content of his recent speeches and the public pronouncements of his lieutenants and in reports from clandestine sources in a number of other Latin American countries.~~
- ~~B. Castro's subversive assets elsewhere in Latin America do not now appear strong enough for decisive revolutionary action in the near future, but they could spark serious disorders or establish initial gains that might ultimately threaten the target governments.~~

~~SECRET~~